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Food Service - Hotel Restaurant Institutional

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Report Highlights:

Peru's Hotel, Restaurant and Institutional (HRI) food service sector continues to grow thanks to the combination of a strong economy and a growing number of foreign and domestic tourists. According to the National Institute of Statistics, the tourism sector grew 9 percent in 2012, trailing only the construction and finance and insurance sectors in importance. High-end hotels and restaurants offer U.S. food and agricultural, especially consumer-oriented, product exporters good to very good opportunities.

Post:

Lima

Executive Summary:**Section I. Market Summary**

Peru's strong economic growth is boosting the country's hotel, restaurant, and institutional (HRI) sector. Gross domestic product (GDP) grew by over 5 percent in 2013, slightly down from the 6.3 percent level registered last year. Strong domestic demand along with rising household incomes, good export commodity (i.e., metals, gold and copper) prices, and foreign investment inflows continue to fuel the economy. With more money in most pockets, consumers are consequently demanding new, more varied food products and food services.

With 7.6 million inhabitants, Lima is Peru's capital and largest city. Here nearly a third of the country's 30.4 million (July 2013, est.) reside and over 60 percent of the national income is generated. Lima counts with 1.8 million middle- and high-income consumers whose monthly household incomes are in excess of \$1,400; making Lima the country's major market for consumer-oriented food products. The food service industry is also benefitting from urban expansion, greater numbers of women in the work force (roughly 38 percent), and a growing, youthful population that often lacks the time to prepare meals at home.

To help reduce the economy's exposure to metals' price fluctuations, the Ministry of Foreign Trade and Tourism (MINCETUR) is allocating \$40 million to promote Peru as a tourist and business travel destination. Deemed South America's leading culinary destination, Peru attracted 2.8 million visitors in 2012, generating some \$3.3 billion in revenues (up 11 percent compared to 2011). Peruvians are also travelling more within their country; generating over \$7.5 billion in revenues. Peru, with 51 international conventions alone in 2012 (\$110 million in revenues) is quickly becoming a major business travel destination.

The National Institute of Statistics reports that the country's tourism sector grew over 9 percent in 2012, trailing only the booming construction and financial and insurance sectors. The sector's financial leverage grew 20 percent in 2012; attracting over \$1.1 billion in infrastructure expansion. Tourism is responsible for the creation of 1 million new direct and indirect jobs in recent years.

The consumer food service industry is booming thanks to consumers' growing disposable income. The Peruvian Gastronomy Association (APEGA) informs that the takeoff of Peruvian gastronomy is contributing to economic development. The country's vibrant cuisine is also reinvigorating agricultural production especially at the small farmer level. Sources report that small farmers provide upwards of 61 percent of the food and agricultural products that supply the HRI sector; some 6 million people are employed in the gastronomy chain.

As Peru's cuisine wins new converts worldwide, the country is churning out an impressive number of chefs, culinary technicians, and food service professionals to satisfy the demand for all foods Peruvian. Eighty-five culinary institutes graduate about 15,000 students yearly into the job market. Improved

food preparation techniques and greater awareness regarding the proper handling of ingredients is growing with culinary expertise.

Food service sales in Peru reached \$7.5 billion in 2011. FAS Lima sources report that sales generated by full service restaurants and fast food outlets account for 40 and 35 percent respectively of total sales value. FAS Lima believes that the best prospects for U.S.-origin food and agricultural product exporters include high-end hotels and restaurants, casual-dining and family style restaurants, fast food chains, and coffee shops. Fast food chains for example have seen growth of upwards of 8 percent on average over the past 5 years.

We believe that best product prospects include U.S.-origin fruits, cheeses, processed fruits and vegetables, beef and beef products. These products benefit from either duty-free treatment or very low duties thanks to the U.S.-Peru Trade Promotion Agreement (PTPA).

Advantages and Challenges of U.S. products to Peru's Food Service Sector

Advantages	Challenges
<ul style="list-style-type: none"> • Peru's economy continues to experience strong growth, albeit at a slower pace than in previous years. • Appreciation for U.S. food quality and culture. • Food service products benefit from the PTPA with low or no tariffs. • Peru is opening its market for new competitors in the sector. • Fast food chains are expanding in Lima suburbs and in major cities (Arequipa, Trujillo, Chiclayo, and Piura). • Peru is actively promoting tourism. • Culinary culture is growing, demanding high quality food products. • Increasing investment interest of international chains in association with local investors for new project developments. 	<ul style="list-style-type: none"> • Peruvians prefer meals using fresh products. • Limited number of five star hotel chains in Peru makes it harder for U.S. products to penetrate into Peru's market. • Peruvian food is tasty. U.S. exporters need to incorporate food ingredients in international and traditional menus. • Limited infrastructure and low quality service discourage longer stays of international tourists.

Section II. Road Map for Market Entry

A. Entry Strategy

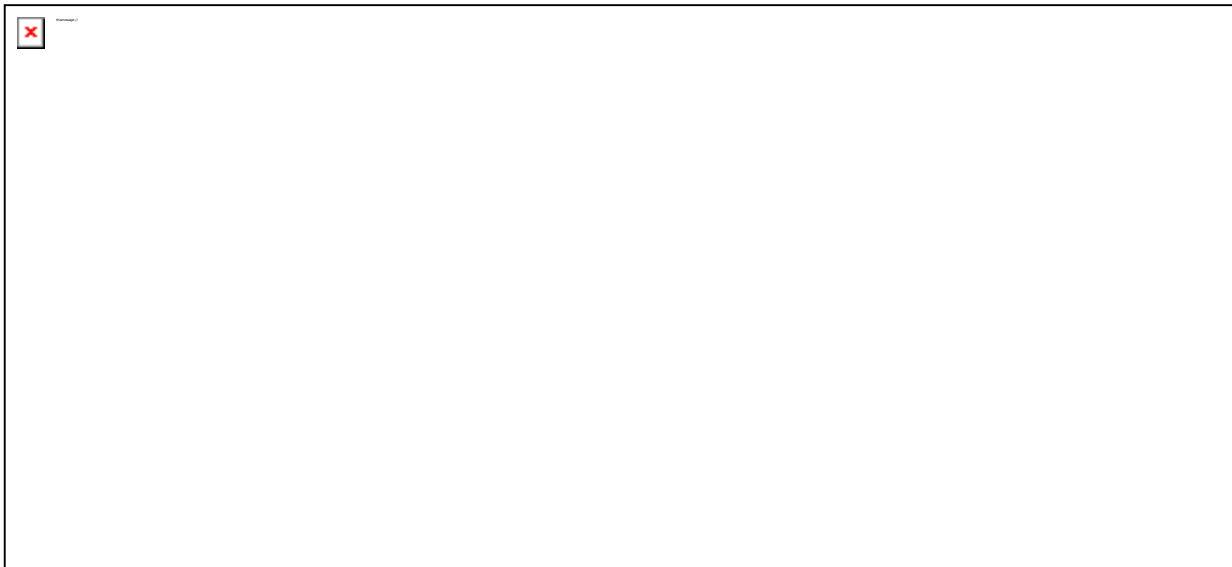
- U.S. exporters can gain access to the Peruvian food service market through large importers, wholesalers/distributors or specialized importers. Most food service companies buy imported goods from local intermediaries.

- Personal visits are highly recommended. The local partner should be well known by the U.S. exporter before any permanent contractual arrangement is made. Exporters are encouraged to maintain close contact with local importers.
- Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- The import partner should be able to provide updated information on consumer trends, current market developments, trade, and business practices.

In addition, it is recommended that U.S. exporters work with chefs and local importers to conduct innovative marketing activities in the high-end food service sector. Specifically, U.S. exporters are encouraged to:

- Incorporate U.S. food ingredients in local and international menus.
- Emphasize the superior quality of U.S. food products.

B. Market Structure



- Food service institutions mainly source food ingredients domestically. This is due to Peruvians' strong preference for locally produced fresh food products at lower prices.
- Food service importers are also suppliers for the retail market, which represents, in most cases, more than 70 percent of their profits.
- Almost all food service businesses purchase through intermediaries (95 percent).

- International franchises (KFC, Pizza Hut, Burger King, McDonalds) and the local Bambos are able to import some of their food ingredients directly because of high volumes.

C. Sub-sector Profiles

C. 1. Hotels

Number of Hotels in Peru, By Category in 2012

Hotel Category	Number of Outlets	Number of Rooms	Number of Beds	Outlet Location	
				Lima	Provinces
Five-stars	33	3,714	6,926	18	15
Four-stars	59	4,186	7,916	26	33
Three-stars	671	18,653	35,430	73	598
Two-stars	1,321	26,448	46,000	276	1,045
One-stars	403	6,600	11,229	54	349
Total	2,487	59,601	107,501	447	2,040

Source: Ministry of Foreign Commerce and Tourism (MINCETUR).

The Peru is actively promoting tourism. In September 2009, Peru's first ever general tourism law was passed. The law promotes tourism and entrepreneurial development, particularly in areas outside of Lima.

Visitors from other countries that are not residing in Peru are defined as receptive tourists by the Ministry of Foreign Trade and Tourism. Sources estimate that receptive tourism growth was 17 percent in 2011. Hotel stays similarly grew by 12 percent as domestic tourism picked up. Most of 2012's 2.8 million foreign visitors were South Americans from Chile (46 percent), Ecuador (8 percent), and Bolivia (14 percent). However, the number of visitors from the United States, Spain, France, Mexico and Netherlands continues to grow.

High-end hotels (i.e., four and five-stars) are the niche market for U.S. food and agricultural product exporters. These hotels use higher proportions of imported food products. Food imports represent approximately 15 percent of food served in hotels. Over fifty percent of the major high-end hotels are located in Lima. Many of these hotels are developing strategic alliances with international hotel chains or major local investor groups. Hotel construction projects have grown in recent years. The main hotel investments during 2012 were the construction of the Royal Decameron Hotel in Tumbes, the opening of a second Marriott Hotel in Cuzco, and the inauguration of Hilton Hotel in Lima.

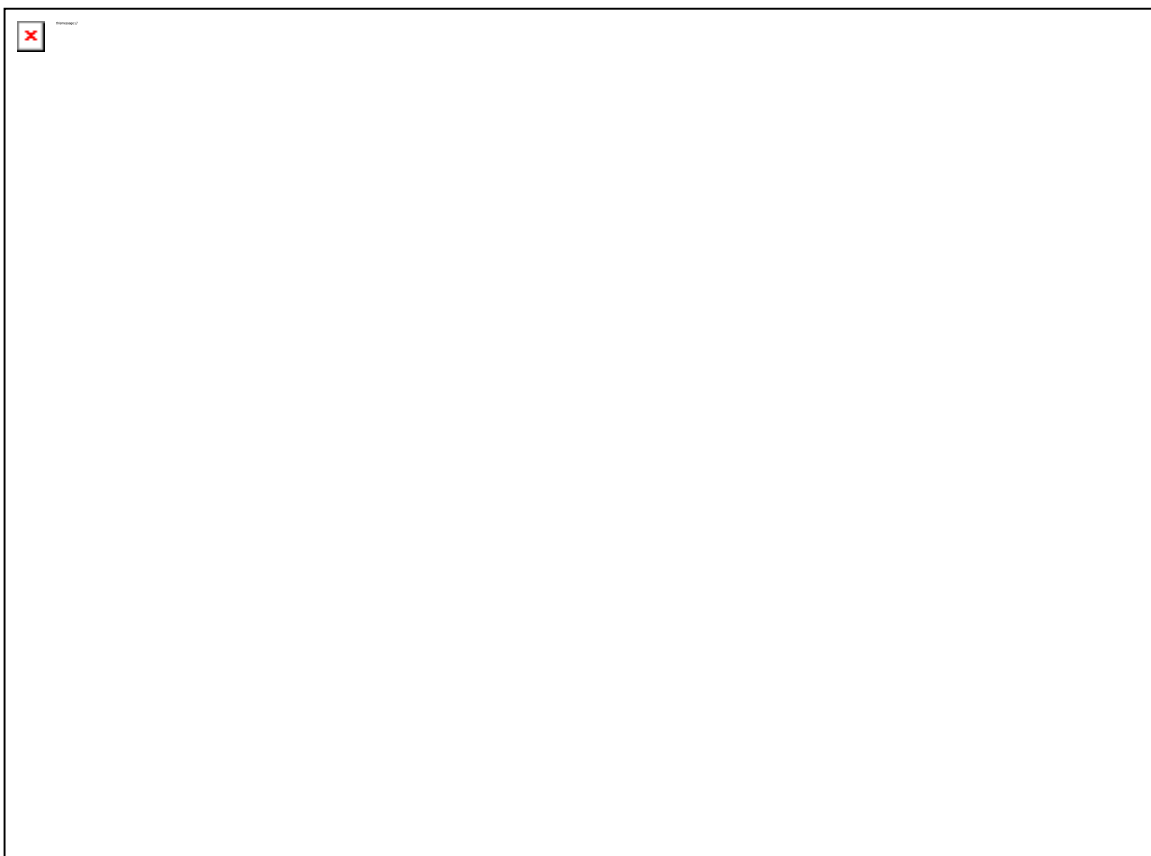
While Lima is the main market for corporate hotel chains, the southern part of the country is the preferred region for the more traditional hotels. The Peruvian Hotel Society indicates that there are \$1.8 billion in planned investments through 2015 outside of the Lima area.

Major Hotel Sales (2012)

Company	Total Estimated Sales (\$ Million)
Inversiones Nacionales de Turismo S.A.	47
Thunderbird Hoteles Las Americas S.A.	38

Inversiones La Rioja S.A.	31
Nessus Hotel Peru S.A. – Casa Andina	27
Orient-Express Peru S.A.	22
Costa del Sol S.A.	22
Hotelera Costa del Pacifico S.A.	19
Corporacion el Golf S.A. / Los Delfines	16
Peru OEH S.A.	18
Hoteles Sheraton del Peru S.A.	14
Peru OEH Machu Picchu S.A.	12
Corporacion Hotelera Metor S.A.	11
Consorcio Hotelero Las Palmeras S.A.C.	10
Sociedad de Desarrollo de Hoteles Peruanos S.A.	10
Hoteles Estelar del Peru S.A.C.	8

Source: The 10,000 Major Companies in Peru.



Source: Ministry of Foreign Commerce and Tourism (MINCETUR).

Restaurants

Peruvian gastronomy is earning international accolades; leading to the rapid development of national restaurant franchises abroad and the growing number of publications about the local cuisine. Food offerings are highly diversified and new restaurant venues are continuously opening. In 2011, full service restaurants reported \$2.7 billion in sales, up 11 percent from the previous year. The number of restaurant outlets in shopping centers, particularly outside of Lima, is fostering the growth of international and local fast food chains.

The increasing demand for modern and convenient commercial shopping centers in Lima and other cities has made restaurant franchises popular with local investors and consumers. At present, most of the franchise outlets are located in Lima. Franchisers are however opening outlets in other choice cities such as Chiclayo, Trujillo, Piura, Arequipa, and Cusco.

Fast food channel sales grew 16 percent in 2012, reporting revenues of \$2.4 billion. Alone the fast food sector controls 35 percent of the food service market share. The number of outlets in 2012 grew by 14 percent, reaching almost 30 thousand establishments. Fast food chicken is Peru's favorite fast food option; in low income areas there are often at least one chicken fast food venue per block.

High-end restaurants, along with some casual dining and family style restaurants, coffee shops, and fast food chains represent niche market opportunities for U.S. exporters. These establishments account for 10 to 20 percent of all imported food products. FAS Lima finds that these normally utilize imported food ingredients (e.g., sauces, meats, processed fruits and vegetables, chesses), specialty products (e.g., pork products), wine and spirits.

Future potential market opportunities for U.S. exporters reside with Peru's 1,100 plus broiled chicken restaurants (i.e., "pollerías"). Annual growth is estimated at 10 to 15 percent. There are currently 7 major pollerías chains counting with over 120 outlets. These restaurants, which also provide a delivery service, compete with supermarkets that offer a similarly prepared product. Delivery accounts for 35 percent of all pollerías sales. Consumers' purchases of chicken and French fries, the two most important pollerías offerings, are normally sourced locally but good prospects exist for potential U.S. sales.

Fast Food Chain profiles (2012)

Name of Restaurant	No. of Outlets	Food Sales (\$million)	City
Kentucky Fried Chicken Delosi S.A.	88 7 10	79	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura
Burger King Pizza Hut Sigdelo S.A.	19 66	52	Lima, Trujillo, Arequipa
Chillis Cindel	20	13	Lima, Arequipa, Trujillo
Mc Donalds Operaciones Arcos Dorados de Peru S.A.	54	35	Lima, Trujillo, Cuzco, Arequipa
Bembos Burger Grill Bembos S.A.C.	57	40	Lima, Arequipa, Trujillo, Juliaca, Cuzco, Chiclayo, Piura
Domino's Pizza Comercializadora de Alimentos Latinos S.A.C.	29	5	Lima, Callao, Arequipa
Papa Johns	16	9	Lima, Trujillo

Corporacion Peruana de Restaurantes S.A.			
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Note: Estimated values for 2012.

Source: The 10,000 Major Companies in Peru (2013).

C. 3. Institutional Contractors

- This sub-sector accounts for approximately 9 percent of total food service sales with an estimated growth of 13 percent in 2012.
- The potential market for U.S. food products includes large caterers that supply the country's airports and mining companies. These companies currently use mainly local products in their menus.
- Vending machines and stores in mining camps provide imported goods such as snacks, canned goods, and sweets. These items are supplied through local importers, wholesalers, distributors, or major caterers.

Major Peruvian Suppliers for the Food Service Sector (2012)

Company Name	Total Sales (\$Million)	Type of Company	Food Supply	Imported Food Products
Alicorp S.A.	1,315	Processor, importer, distributor	Pasta, wheat flour, margarine, food ingredients, mayonnaise, breakfast cereals, cookies, jelly, ice cream, sauces, pet food.	Wheat, wheat flour, edible oils, soy cake, sauces.
Gloria S.A.	712	Processor, importer, distributor	Dairy and pork products, juices, canned seafood.	Dairy ingredients, juices, lactose and other sugars.
Corporacion Jose R. Lindley S.A.	472	Processor, importer.	Sodas, juices.	Canned fruit, gelatin.
Química Suiza S.A.	393	Importer, distributor	Sweeteners, fishmeal, chocolate, wine, processed fruit.	Canned food, food ingredients, sweeteners, animal feed.
Deprodeca S.A.C	389	Distributor	Dairy Products, jellies, canned food,	
Nestle Peru S.A.	377	Processor, importer, distributor	Dairy products, soups and broths, infant formula, instant coffee and chocolate, breakfast cereal, cookies,	Dairy ingredients, chocolate, infant formula, food preparations, baked goods, chicory extract,

			chocolates, bakery goods.	saucers, soup preparations.
Axur S.A.	158	Importer, Distributor	Canned Food, Food preparations, Bakery goods, Liquors	Canned fruit, bakery
G.W.Yi Chang & Cia S.A.	114	Importer, distributor	Canned fruits, canned seafood, chocolate, wine and spirits.	Canned fruits, canned seafood, chocolate, wine and spirits.
Laive S.A.	102	Processor, importer	Dairy and pork products,	Cheese, butter and pork products.
Kraft Foods Peru S.A.	90	Processor, importer, distributor	Cookies, juices, cheeses.	Cheese, sauces, bakery and dairy ingredients, chocolates.
Unilever Andina Peru S.A.	75	Processor, importer	Sauces, soups.	Sauces, soups.
Perufarma S.A.	71	Importer, distributor	Chocolate, confectionary, wine and liquors.	Chocolate, confectionary, wine and liquors.
Delosi S.A.	50	Fast food franchise	Hamburgers, salads.	French fries, bakery goods, sauces, cheese.
Sociedad Suizo Peruana de Embutidos S.A.	44	Processor, importer	Sausages, cheese.	Pork products, poultry, edible offals, cheese
Mayorsa S.A.	40	Wholesaler, importer	Peas and lentils, popcorn, canned fruit, starch.	Peas and lentils, popcorn, canned fruit, starch.
Sigdelo S.A.	38	Fast food chain	Hamburgers, pizza	Cheese, meat preparations, sauces, French fries, condiments
Braedt S.A.	33	Processor, importer, distributor.	Pork products, cheese.	Pork products, cheese, dairy ingredients, condiments.
Arcor del Peru S.A.	30	Processor, importer, distributor	Chocolate, confectionary, bakery goods, canned fruit.	Chocolate, confectionary, canned fruit, bakery goods, bakery ingredients.
Bembos S.A.C.	26	Fast food chain	Hamburgers	French fries, meat, cheeses
Diageo Peru S.A.	22	Importer, distributor	Liquors.	Liquors.
Drokasa Peru S.A.	17	Importer, distributor	Wine and liquors.	Wine and liquors.

Halema S.A.	15	Processor, importer	Processed meats, meats and edible offals.	Meats and edible offals.
Agro Corporacion S.A.C.	15	Processor, importer	Processed meats, meats and edible offals.	Meats and edible offals.
Oregon Foods S.A.C.	15	Importer, distributor	Processed meats, meats and edible offals, fresh fruits.	Meats and edible offals, fresh fruits.
Servicios Frigorificos S.A.	10	Processor, importer, distributor	Processed meats, meats and edible offals.	Meats and edible offals.
L.S. Andina S.A.	7	Importer, distributor	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods
KMC International S.A.C.	4	Importer, distributor	Microwave popcorn, soups, baked goods	Microwave popcorn, soups, baked goods.
Destileria Peruana S.A.	6	Processor, importer	Wholesalers, retailers, food service	Liquors.
L C e Hijos S.A.	6	Importer, distributor	Wine and liquors	Wine and liquors
Industrias Molitalia S.A.	4	Processor, importer, distributor.	Chocolates, pasta, confectionary, sauces.	Wheat.

Note: Total food imports are distributed between the three food sectors: HRI, Retail and Food Processing.

Source: The 10,000 Major Companies in Peru 2010 and Peru's Customs (SUNAT).

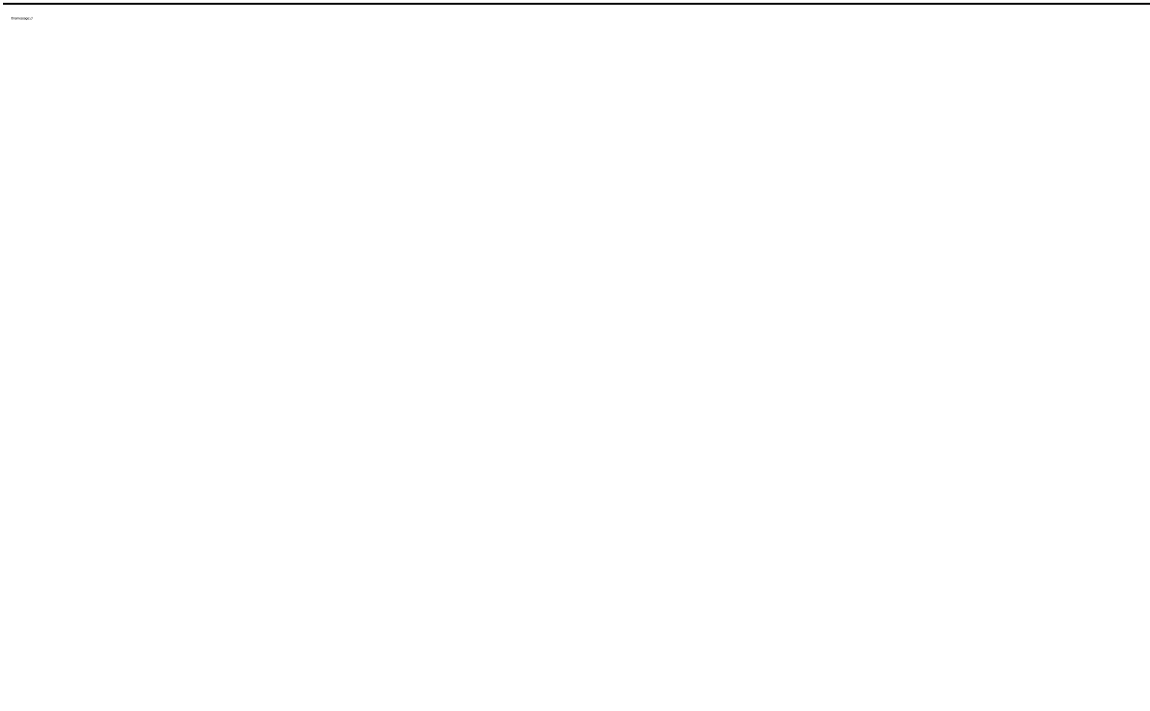
on III. Competition

- Peru gives tariff preferences to the Andean Community of Nations (CAN - Bolivia, Colombia and Ecuador), and to Mexico, Paraguay, Argentina, Brazil, Uruguay and Cuba.
- According to Peru's customs data, total consumer-oriented products exports to Peru from United States grew to \$176 million in 2012, up 36 percent from the 2011 level. The United States became the second largest supplier of consumer-oriented products, accounting for 17 percent of the market share. Peru's foreign trade policy supports open markets. In this regard, Peru has signed several different commercial and trade agreements; some have not entered into force. Others are still being negotiated:

Country	Type	Status
Andean Community (Bolivia, Ecuador and Colombia)	Free Trade Agreement	In force
MERCOSUR (Argentina, Brasil, Uruguay, Paraguay)	Economic Complementation Agreement	In force

Cuba	Economic Complementation Agreement	In force
Chile	Free Trade Agreement	In force
Mexico	Trade Integration Agreement	In force
United States	Free Trade Agreement	In force
Canada	Free Trade Agreement	In force
Singapore	Free Trade Agreement	In force
China	Free Trade Agreement	In force
South Korea	Free Trade Agreement	In force
European Free Trade Association (EFTA)	Free Trade Agreement	In force
European Union	Free Trade Agreement	In force
Thailand	Third Protocol	In force
Japan	Economic Partnership Agreement	In force
Costa Rica	Free Trade Agreement	In force
Panama	Free Trade Agreement	In force
Guatemala	Free Trade Agreement	Negotiating
El Salvador	Free Trade Agreement	Negotiating
Honduras	Free Trade Agreement	Negotiating

- The PTPA strengthens U.S.-origin food and agricultural products' competitiveness within the Peruvian market. High-end consumers are familiar with the quality of U.S. products.
- For a complete list of products that have benefited from PTPA, please check http://www.ustr.gov/Trade_Agreements/Bilateral/Peru_TPA/Section_Index.html.



Source: World Trade Atlas.

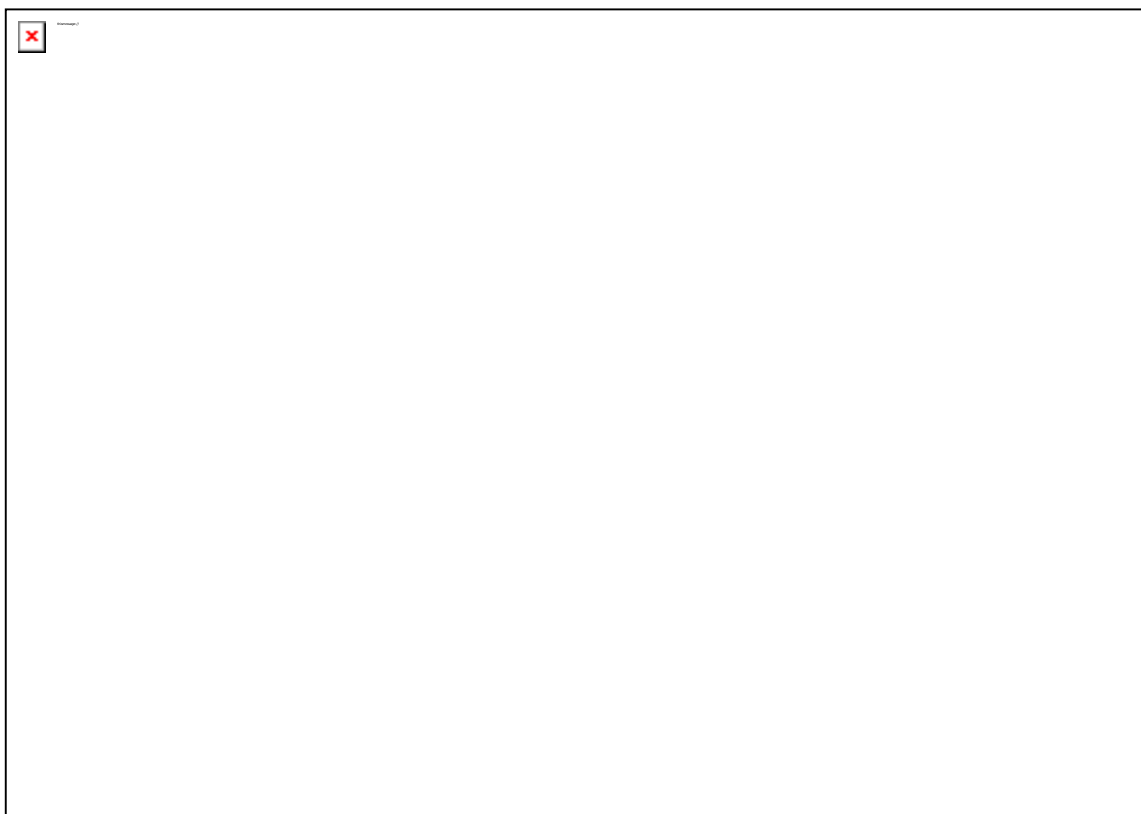
**Competitive Situation facing U.S. Suppliers in the
HRI Food Service Market in 2012**

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy Products (Excl. Cheese) (\$231 million)	New Zealand: 45 percent U.S.: 18 percent Bolivia: 6 percent UK: 5 percent Chile: 4 percent	- New Zealand is a major supplier of dairy ingredients, especially HS 040221 and 040210 accounting almost 80 percent of total imports.	- Only two companies are major producers of evaporated milk and yogurt.
Cheese 3,782 tons (\$18.23 million)	U.S.: 48 percent Argentina: 19 percent Netherlands: 6 percent New Zealand: 6 percent Uruguay: 5 percent	Argentina and Uruguay are part of MERCOSUR and have tariff preferences	Local homemade cheeses are commonly sold. Gourmet cheeses are not made locally.
Snack Foods (excl nuts) 22,000 tons (\$71 million)	Colombia: 50 percent U.S.: 8 percent Brazil: 7 percent Chile: 6 percent Argentina: 6 percent	- Tariff preferences are applied to neighboring countries.	- Local producers are major food processors. They import food ingredients for snacks and snacks in bulk.
Processed Fruits and Vegetables 58,000 tons (\$90 million)	Chile: 55 percent U.S.: 10 percent Netherlands: 9 percent Argentina: 6 percent	- EU products are viewed as good quality. - Chile sells at cheaper prices due to proximity and tariff preferences - Netherlands has increased its potato preparations exports	- Local processors are major exporters, but their local supply is limited.

	China: 4 percent	due to fast food growth.	
Fresh Fruits 78,000 tons (\$65 million)	Chile: 76 percent Argentina: 11 percent U.S.: 10 percent	- Chile is the main supplier because of proximity, price and duty free entrance. - Argentina has a window for pears and apples.	- There is an open window from November to February for that will benefit the United States - Local fruit sold in retail markets is of lower quality.
Fruit and vegetable juices 1,960,000 L (\$ 6 million)	U.S.: 32 percent Mexico: 20 percent Brazil: 20 percent Chile: 19 percent Argentina: 4 percent	- Chile has tariff and proximity advantages. - Mexico has increased its exports of lime juice	- Local brands are well positioned in the market at competitive prices.
Wine and Beer 21 Million liters (\$43 million)	Argentina: 35 percent Chile: 20 percent Spain: 10 percent Italy: 10 percent Brazil: 10 percent France: 4 percent U.S.: 3 percent	- Proximity and recognized quality of Chilean and Argentinean wines. - Brazil is the major supplier of imported beer.	- Major local breweries are well positioned, price competitive, and belong to international companies, representing 95 percent of the market. - Local wine is well positioned and price competitive, but does not satisfy demand.
Red Meats (fresh, chilled or frozen) 23,000 tons (\$61 million)	U.S.: 33 percent Brazil: 29 percent Chile: 17 percent Argentina: 11 percent Bolivia: 4 percent	Neighbor countries export lower price cuts. 80 percent of Brazilian exports are offals	- Peru's market for U.S. meats reopened in October 2006. - U.S. meats are of superior quality. - Peru imports three times more offals than meats. - Local meat does not satisfy the demand.
Red Meats (prepared, preserved) 1,480 tons	Bolivia: 43 percent U.S.: 13 percent Denmark: 11	- Bolivia has growth 14 percent respect 2011. Bolivian manufacturers have customized production	- The pork products industry also imports prepared meats. - U.S. product tariffs will decrease throughout 5 to 7

(\$7 million)	percent Chile: 10 percent Italia: 9 percent Spain: 9 percent	according to local demand.	years.
Poultry Meat 27,000 tons (\$38 million)	Brazil: 31 percent U.S.: 27 percent Chile: 25 percent Argentina: 11 percent Bolivia: 6 percent	<ul style="list-style-type: none"> - Brazil diversifies its supply including offals, turkey and chicken cuts - Chile is strong in turkey cuts. 	<ul style="list-style-type: none"> - Imports of U.S. poultry products reopened in October 2006. - TRQ for U.S. chicken leg quarters - Local poultry producers are major suppliers with good distribution channels. - Imports are mainly chicken and turkey parts.

Note: Net imports correspond to the three food sectors: Food Service, Retail and Food Processing.
Source: World Trade Atlas



Source: World Trade Atlas

A. Products Present in the Market Which Have Good Sales Potential:

Product/ Product Category	Market Size 2012 est.	Imports 2012	Average Annual Import Growth (2007- 12)	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for the U.S.
Cheese (HS 0406)	12,720 MT	3,782 tons (\$18 million)	14.4 percent	040610, 20 and 40 0 percent 040630 040690 0 percent	- U.S. competitors are: Argentina (19percent) and Netherlands (6percent). - Strong preference for EU cheese at high-end HRI and Retail Sectors.	- U.S. cheeses are mainly used in the food processing sector, but have potential in the HRI and Retail Food Sectors. - In 2012, the United States was the first supplier with a market share of 48 percent. - TPA*: 17 years linear, 2,500 MT quotas with 12 percent increase per year.
Confectionary – non chocolate (HS 1704)	N/A	15,630 tons (\$46 million)	16.1 percent	0 percent	- Major suppliers are Colombia (\$31 million) and China (\$3 million). - Local industry is strong. Major owners are foreign companies.	- United States represents 3 percent of total imports, however, U.S. imports grew 25 percent in 2012. .
Confectionary – chocolate (HS 1806)	N/A	5,000 tons (\$22 million)	12.2 percent	0 percent	- Local industry is competitive.	- The U.S. is the largest supplier with 19 percent. The U.S. strength is in

						chocolate for the retail sector. Imports grew 24 percent in 2012.
Food Preparations (HS 210690)	N/A	16,600 tons (\$153 million)	16.4 percent	0 percent	- Local Production is strong - Chile is the major exporter (28 percent).	- United States is the second largest supplier and holds 20 percent of market share. - In 2012 imports grew 28 percent due to retail sector growth.
Prime and choice beef (HS 020230)	Total beef and offals market: 230,000 MT	1,250 tons (\$9 million)	7.9 percent	0 percent	- Competes with quality meats from Colombia, Argentina, Uruguay, Brazil and Bolivia.	- Due to an increment of income levels, local consumers are demanding high quality products, such as beef. - U.S. imports keeps growing (15 percent) as a result of higher demand created but supermarket chains. - United States became the second largest beef supplier in 2012 and holds 28 percent of import market share
Edible Beef Offals (liver) (HS, 020622)	10,000 MT	3,800 tons (\$6.5 million)	16.4 percent	0 percent	Local production covers most of the market size.	- The United States holds 97 percent of import market.
Fruit and Vegetable juices (HS 2009)	N/A	19,600 hl (\$6	30 percent	0 percent	- Mexico is the second largest supplier and holds 20	U.S. imports grew 145 percent in 2012 and remains as the

		million)			percent of market share in 2012.	largest supplier holding 32 percent of market share.
Pet foods (HS 230910)	50,000 MT	14,730 MT (\$19 million)	17.6 percent	0 percent	<ul style="list-style-type: none"> - Growing local pet industry. - There is an informal industry arising. - Argentina (37 percent), and Colombia (27 percent) are major competitors. 	<ul style="list-style-type: none"> - The United States holds 24 percent of the market.
Turkey (HS 020727)	23,000 MT	6,409 tons (12 million)	27.2 percent	6 percent	<ul style="list-style-type: none"> - Major competitors are Brazil (34 percent) and Chile (28 percent) - Local poultry industry is strong. 	<ul style="list-style-type: none"> - Peruvians are major consumers of turkey during Christmas and New Year's. - The food retail sector is becoming more popular not only in Lima, but also in the province. - USAPEEC has initiated a market penetration plan.
Chicken cuts (HS 020714)	\$60,000 MT	10,000 tons (\$10 million)	56.2 percent	TRQ: 13,997 tons 0 percent	<ul style="list-style-type: none"> - Strong local industry. - Frozen presentation is not common 	<ul style="list-style-type: none"> - Peruvians are major consumers of poultry. - TRQ: 6 percent increase per year.
Bread, pastry, cookies (HS 1905)	N/A	4,390 tons (\$12 million)	21.1 percent	0 percent	<ul style="list-style-type: none"> - Colombia is the major import supplier and holds 30 percent of market share. - Local companies are 	<ul style="list-style-type: none"> - The United States holds 14 percent of import market share.

					very strong.	
Soups & Broths (HS 2104)	N/A	1,180 tons (\$3.5 million)	20.6 percent	0 percent	- Local companies are very competitive	- The United States grew 8 percent in 2012 and is the major supplier in this category, holding 33 percent of the market share
Sauces (HS 2103)	N/A	6,210 tons (\$13 million)	15 percent,	0 percent	- Local consumers prefer local flavors. Stiff competition among local producers.	- The United States is the major supplier in this category, holding 33 percent of the market share
Apples and Pears (HS 0808)	n/a	59,930 Tons \$53 million	20.2 percent	0 percent	- Chile is the major supplier with 92 percent of the market. - The United States is the third largest supplier with 2 percent of the market.	- There is a window of opportunity for the United States between November and February. Local consumers recognize U.S. apples and pears quality.
Nuts and almonds (HS 0802)	N/A	741 tons (\$4.7 million)	40 percent	0 percent	- Lack of participation of cooperators in country to create awareness US almond industry	- U.S. imports have grown 81 percent in respect to 2012. The United States is the second major supplier with 49 percent of the import market. - Importers recognize that U.S. quality of nuts and almonds is better than competitors.
Wine	28	10	15.7 percent	0	- Argentina and Chile (43	- There is a niche

(HS 2204)	million liters	million liters (\$35 million)		percent	and 25 percent) domain the market - Lack of awareness of local importers about US wine industry.	market for quality wines for which the United States can be appreciated and price competitive. - Peru's wine consumption is growing. Currently, it is above 1.3 liters per person.
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Note: TRQ = Tariff Rate Quota, on a first-come first-serve basis.

Sources: World Trade Atlas, USTR, Ministry of Agriculture (Minag), Gestion and El Comercio Newspapers.

Products Not Present in Significant Quantities, but which have good sales Potential:

Product/ Product Category	Imports 2012	Average Annual Import Growth (2007-12)	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for the U.S.
Peaches, cherries and Nectarines (HS 0809)	4,148 tons (\$4 million)	13.6 percent	0 percent	- Chile is major supplier with 96 percent of the market.	- Importers are interested in U.S. peaches and nectarines. - Duty free access for this category.
Grapes, raisins (HS 080620)	6,040 tons (\$15 million)	11 percent	0 percent	- Chile holds almost 88 percent of the market.	- U.S. window: September to December.
Citrus (HS 0805)	876 tons \$886,024	6 percent	0 percent	- Local production is strong.	- United States holds 77 percent of import market and exports have grown 500 percent in 2012 - Recognized quality of U.S. oranges and tangerines. - Export window for the United States is from

					January to March.
Pork Meat (HS 0203)	3,685 tons (\$10 million)	54 percent	0 percent	<ul style="list-style-type: none"> - Peruvians are not used to eating pork. - Local industry produces more than 100,000 MT - The industry is the same as the poultry industry. - Chile is the major supplier with 81 percent of the market 	<ul style="list-style-type: none"> - Pork imports are growing due to outstanding market development by USMEF representative. - U.S. pork benefit from TPA implementation. -
Sausages (HS 1601)	577 tons (\$2 million)	18 percent	0 percent	<ul style="list-style-type: none"> - Strong local industry. 	<ul style="list-style-type: none"> - There is a high-end segment for gourmet sausages, in which the United States can compete. - US exports have grown (12percent) and currently holds 40 percent of import market. Fast food restaurants are main channel for this category.
Ham, processed HS 160241	81 tons (\$0.93 million)	26 percent	7 percent	<ul style="list-style-type: none"> - Major suppliers are Italy (42 percent of the market) and Spain (38 percent). 	<ul style="list-style-type: none"> - The United States has quality products to introduce to the gourmet market. - TPA: 5 years
Beer (HS 2203)	11 million liters (\$8 million)	12 percent	0 percent	<ul style="list-style-type: none"> - Local breweries are very strong and owned by international companies. - Local breweries produce and import new brands for introduction in the market. - Brazil is the major supplier (52 percent of the market). 	<ul style="list-style-type: none"> - Niche market for premium beers. - Growing consumption of beer (over 40 lts per capita) - Duty free entrance. - few U.S. brands within the market.

Note: TRQ = Tariff Rate Quota, on a first-come first-serve basis.

C. Products not Present Because They Face Significant Barriers

None.

Section V. Key Contacts and Further Information

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